

Organizations that make application to the Department of Revenue and are determined to be exclusively religious, educational, or charitable, receive exemption identification numbers (an "E" number). See 86 Ill. Adm. Code 130.2007. (This is a GIL.)

August 18, 2003

Dear Xxxxx:

This letter is in response to your letter dated April 7, 2003. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at www.revenue.state.il.us/Laws/regs/part1200/.

In your letter, you have stated and made inquiry as follows:

I am writing to clarify your state's laws and regulations concerning sales to Native Americans. We are a retailer of women's and men's clothing with stores located throughout your state. All of our locations are located outside of Indian reservations.

I will outline two specific scenarios concerning sales to Native Americans. Please indicate for each of these situations if the sales are taxable or not. Also indicate the individual requesting the exemption must reside on an Indian reservation. If exempt, I would also ask that you describe exactly what documentation must be retained by us in order to substantiate the exempt sale.

The two scenarios are as follows:

1. A sale in one of our retail stores, not located on an Indian reservation, made to a member of an Indian tribe. The Native American customer takes the purchased items with them.
2. A sale in any of our retail stores which is shipped via common carrier (United States mail, Federal Express or similar carrier) to an Indian reservation. Does the Native American Customer need to be a member of the tribe and a resident of the reservation we are shipping to?

Lastly, for any of the above scenarios, which would allow for a tax exempt sale, are we as the retailer required to honor this exemption? This is especially important for items which we have been requested to ship.

Thank you for your attention to this mater.

There are no exemptions in Illinois based upon being a Native American. There are no Indian reservations in Illinois. The following information outlines the principles for exempt organizations.

Organizations that make application to the Department of Revenue and are determined to be exclusively religious, educational, or charitable or are a governmental entity receive exemption identification numbers (an "E" number). See the enclosed copy of 86 Ill. Adm. Code 130.2007. This number evidences that the Department recognizes the organizations as exempt from incurring Use Tax when purchasing tangible personal property in furtherance of their organizational purposes. If an organization does not have an E number, then its purchases are subject to tax. Organizations that are recognized as non-profit under Internal Revenue Code Section 501(c)(3), are not necessarily exempt organizations pursuant to Illinois tax law. Such organizations must obtain an Illinois "E" number to qualify. Please be aware that only sales to organizations holding the E number are exempt, not sales to individual members of the organization.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.